



# **Midland Exploration Inc.**

Condensed Interim Financial Statements

Three and nine months ended June 30, 2020

*The attached financial statements have been prepared by Management of Midland Exploration Inc. and have not been reviewed by the auditors*

# Midland Exploration Inc.

## Statements of Financial Position

(Unaudited, in Canadian dollars)

	As at June 30, 2020	As at September 30, 2019
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,071,409	349,389
Investments (note 5)	9,916,000	12,491,000
Accounts receivable	101,568	196,770
Sales tax receivable	58,138	413,804
Tax credits and mining rights receivable	264,372	1,540,507
Prepaid expenses	41,704	82,583
<b>Total current assets</b>	<b>12,453,191</b>	<b>15,074,053</b>
<b>Non-current assets</b>		
Listed shares	104,000	70,000
Right-of-use assets (note 6)	137,003	-
Exploration and evaluation assets (note 7)		
Exploration properties	2,779,638	2,561,212
Exploration and evaluation expenses	22,632,080	20,910,566
	25,411,718	23,471,778
<b>Total non-current assets</b>	<b>25,652,721</b>	<b>23,541,778</b>
<b>Total assets</b>	<b>38,105,912</b>	<b>38,615,831</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	165,177	1,046,240
Advance received for exploration work	-	10,390
Liability related to the premium on flow-through share	49,623	-
Lease liabilities – current portion (note 8)	33,058	-
<b>Total current liabilities</b>	<b>247,858</b>	<b>1,056,630</b>
<b>Non-current liabilities</b>		
Lease liabilities (note 8)	109,150	-
<b>Total liabilities</b>	<b>357,008</b>	<b>-</b>
<b>Equity</b>		
Capital stock	49,399,289	48,230,237
Warrants (note 9)	749,556	749,556
Contributed surplus	5,221,317	5,033,761
Deficit	(17,621,258)	(16,454,353)
<b>Total equity</b>	<b>37,748,904</b>	<b>37,559,201</b>
<b>Total liabilities and equity</b>	<b>38,105,912</b>	<b>38,615,831</b>

*The accompanying notes are an integral part of these condensed interim financial statements.*

**Midland Exploration Inc.**  
**Statements of Comprehensive Loss**  
(Unaudited, in Canadian dollars)

	Three months ended June 30		Nine months ended June 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Revenues</b>				
Project management fees	-	1,084	524	32,821
<b>Operating Expenses</b>				
Salaries	134,643	114,025	629,205	509,728
Stock-based compensation	60,875	68,115	133,947	139,747
Travel	1,543	12,019	20,446	43,364
Rent and insurance	7,481	15,044	22,710	44,679
Office expenses	35,858	56,764	156,858	135,580
Regulatory fees	2,777	9,095	45,292	48,623
Conferences and mining industry involvement	12,949	55,228	195,580	236,397
Press releases and investors relations	5,715	11,401	77,706	82,217
Professional fees	49,566	28,645	161,713	153,763
Depreciation (note 6)	7,473	-	22,419	-
General exploration	5,011	302	7,886	803
Impairment of exploration and evaluation assets (note 5)	-	236,914	192,704	599,117
Operating expenses	323,891	607,552	1,666,466	1,994,018
<b>Other gains or losses</b>				
Interest income	54,584	100,674	197,927	238,083
Change in fair value – listed shares	54,000	(4,000)	34,000	-
Accretion – lease liabilities (note 8)	(5,072)	-	(7,830)	-
	103,512	96,674	224,097	238,083
<b>Loss before income taxes</b>	(220,379)	(509,794)	(1,441,845)	(1,723,114)
Recovery of deferred income taxes	128,200	993,400	386,280	1,442,630
<b>Loss and comprehensive loss</b>	<b>(92,179)</b>	<b>483,606</b>	<b>(1,055,565)</b>	<b>(280,484)</b>
Basic and diluted loss per share	-	0.01	(0.02)	-
Weighted average number of basic and diluted outstanding shares	70,354,043	68,234,837	70,327,324	65,057,274

The loss and comprehensive loss are solely attributable to Midland Exploration Inc. shareholders.

*The accompanying notes are an integral part of these condensed interim financial statements.*

# Midland Exploration Inc.

## Statements of Changes in Equity

(Unaudited, in Canadian dollars)

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$	\$
<b>Balance at October 1, 2019</b>	68,878,222	48,230,237	749,556	5,033,761	(16,454,353)	37,559,201
Loss and comprehensive loss	-	-	-	-	(1,055,565)	(1,055,565)
Private placement	73,791	62,722	-	-	-	62,722
Flow-through private placement	1,402,030	1,542,233	-	-	-	1,542,233
Less: premium	-	(435,903)	-	-	-	(435,903)
	1,402,030	1,106,330	-	-	-	1,106,330
Stock-based compensation	-	-	-	187,556	-	187,556
Share issue expenses	-	-	-	-	(111,340)	(111,340)
<b>Balance at June 30, 2020</b>	<b>70,354,043</b>	<b>49,399,289</b>	<b>749,556</b>	<b>5,221,317</b>	<b>(17,621,258)</b>	<b>37,748,904</b>

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$	\$
<b>Balance at October 1, 2018</b>	61,036,284	39,352,127	-	4,756,224	(14,997,809)	29,110,542
Loss and comprehensive loss	-	-	-	-	(280,484)	(280,484)
Private placement	4,777,333	6,305,244	749,556	-	-	7,054,800
Flow-through private placement	3,044,605	4,110,218	-	-	-	4,110,218
Less: premium	-	(1,554,552)	-	-	-	(1,554,552)
	3,044,605	2,555,666	-	-	-	2,555,666
Options exercised	20,000	17,200	-	(5,200)	-	12,000
Stock-based compensation	-	-	-	220,171	-	220,171
Share issue expenses	-	-	-	-	(426,884)	(426,884)
<b>Balance at June 30, 2019</b>	<b>68,878,222</b>	<b>48,230,237</b>	<b>749,556</b>	<b>4,971,195</b>	<b>(15,705,177)</b>	<b>38,245,811</b>

The accompanying notes are an integral part of these condensed interim financial statements.

# Midland Exploration Inc.

## Statements of Cash Flows (Unaudited, in Canadian dollars)

	Nine months ended June 30	
	2020	2019
	\$	\$
<b>Operating activities</b>		
Loss	(1,055,565)	(280,484)
Adjustment for:		
Stock-based compensation	133,947	139,747
Depreciation (note 6)	22,419	-
Impairment of exploration and evaluation assets	192,704	599,117
Variation – fair value of listed shares	(34,000)	-
Accretion – lease liabilities (note 8)	7,830	-
Recovery of deferred income taxes	(386,280)	(1,442,630)
	(1,118,945)	(984,250)
Changes in non-cash working capital items		
Accounts receivable	95,202	(50,467)
Sales tax receivable	355,666	(67,703)
Tax credits and mining rights receivable	-	-
Prepaid expenses	40,879	14,405
Accounts payable and accrued liabilities	(1,555,300)	1,135,998
Advance received for exploration work	(10,390)	22,670
	(1,073,943)	1,054,903
	<b>(2,192,888)</b>	<b>70,653</b>
<b>Financing activities</b>		
Private placement	62,722	7,054,800
Flow-through private placement	1,542,233	4,110,218
Exercise of warrants	-	-
Options exercised	-	12,000
Share issue expenses	(111,340)	(426,884)
Principal repayment – lease liabilities (note 8)	(25,044)	-
	<b>1,468,571</b>	<b>10,750,134</b>
<b>Investing activities</b>		
Additions to investments	(8,716,000)	(11,291,000)
Disposals of investments	11,291,000	5,350,000
Additions to exploration properties	(478,863)	(730,280)
Disposals of exploration properties	100,000	-
Advances paid for exploration expenses	-	(28,000)
Additions to exploration and evaluation expenses	(1,290,307)	(5,186,477)
Tax credits and mining rights received	1,540,507	830,776
	<b>2,446,337</b>	<b>(11,054,981)</b>
<b>Net change in cash and cash equivalents</b>	1,722,020	(234,194)
Cash and cash equivalents – beginning	349,389	2,752,286
<b>Cash and cash equivalents – ending</b>	<b>2,071,409</b>	<b>2,518,092</b>
<b>Additional information</b>		
Stock-based compensation included in exploration and evaluation expenses	53,609	80,424
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	110,029	911,186
Tax credits receivable applied against exploration and evaluation expenses	264,372	356,927
Interest received	209,572	139,771

*The accompanying notes are an integral part of these condensed interim financial statements.*

# Midland Exploration Inc.

## Notes to Financial Statements

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

---

### 1. STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

Midland Exploration Inc. (“the Corporation”), incorporated in Canada on October 2, 1995 and operating under the Business Corporations Act (Québec), is a company in the mining exploration business. The Corporation’s operations include the acquisition and exploration of mining properties. Its head office is located at 1, Place Ville Marie, suite 4000, Montreal, Quebec, H3B 4M4. The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under the MD ticker.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration properties. The recoverability of exploration and evaluation assets is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain the necessary financing to complete exploration and the profitable sale of the assets. The Corporation will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

### 2. BASIS OF PRESENTATION

These condensed interim Financial Statements (the “Financial Statements”) have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the annual financial statements for the year ended September 30, 2019, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year. The Board of Directors has approved the Financial Statements on August 13, 2020.

### 3. NEW ACCOUNTING STANDARDS

#### 3.1 IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of “low-value” assets; and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

# Midland Exploration Inc.

## Notes to Financial Statements

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

---

### 3. NEW ACCOUNTING STANDARDS (CONT'D)

IFRS 16 also requires more extensive disclosures than under IAS 17.

#### *Transition to IFRS 16*

IFRS 16 is effective for the Corporation's annual period beginning on October 1, 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Corporation adopted IFRS 16 using the modified retrospective approach, which means it applied the standard from October 1, 2019, the cumulative impact of adoption is recognized as at October 1, 2019 and comparatives are not restated. Since the Corporation will recognize the right-of-use assets at the amount equal to the lease liabilities less any lease accruals, there is no impact on the deficit upon the adoption.

The Corporation has presently only one lease affected by IFRS 16 for its exploration offices. In February 2016, the Corporation extended the lease for five years, from March 2017 to February 2022. The rent is \$31,432 for the first year and thereafter will be indexed annually at the highest of the increase of the consumer price index or 2.5%. The Corporation has the option to renew the lease for an additional 3 year period under the same conditions.

A right of use asset of \$159,422 and an equivalent long term lease liability (with the short term portion being \$32,452) was recorded as of October 1, 2019, with a 7% incremental borrowing rate and considering that the renewal option would be exercised.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

In preparing the Financial Statements, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual Financial Statements for the year ended September 30, 2019.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Midland Exploration Inc.

## Notes to Financial Statements

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

### 5. INVESTMENTS

	As at June 30, 2020	As at September 30, 2019
	\$	\$
<i>Current</i>		
Guaranteed investment certificates, not cashable before the expiry date, between 2.37% and 3.02% interest payable annually, maturing between December 10, 2019 and April 23, 2020, with a maturity value of \$12,827,614	-	12,491,000
Guaranteed investment certificates, not cashable before the expiry date, between 1.20% and 2.84% interest payable annually, maturing between July 16 22, 2020 and June 11, 2021, with a maturity value of \$10,109,169	9,916,000	-
	<b>9,916,000</b>	<b>12,491,000</b>

The balance on flow-through financing not spent according to the restrictions imposed by the December 2019 financing represents \$181,088 as at June 30, 2020 and is included in investments. The Corporation has to dedicate these funds to Canadian mining properties exploration.

### 6. RIGHT-OF-USE ASSETS

	Buildings
	\$
<b>Cost</b>	
As at September 30, 2019	-
Adjustments – IFRS 16 (note 3)	159,422
As at October 1, 2019	159,422
As at June 30, 2020	159,422
<b>Accumulated depreciation</b>	
As at October 1, 2019	-
Depreciation for the period	22,419
As at June 30, 2020	22,419
<b>Net book value</b>	
As at October 1, 2019	159,422
As at June 30, 2020	137,003



# Midland Exploration Inc.

## Notes to Financial Statements

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

### 7. EXPLORATION AND EVALUATION ASSETS

The following tables disclose the acquisition costs of exploration properties:

Acquisition costs	Undivided interest	As at Sept. 30, 2019	Additions	Option Payments / disposal	Impairment	As at June 30, 2020
	%	\$	\$	\$	\$	\$
<b>Abitibi</b>						
Abitibi Gold	100	4,688	7,806	-	(783) <sup>2)</sup>	11,711
Adam	100	26,144	1,683	(14,328)	-	13,499
Casault	100	36,708	5,154	(41,512)	-	350
Fleuribleu	100	-	13,203	-	-	13,203
Gaudet	100	-	22,805	-	-	22,805
Guyberry	100	-	4,820	-	-	4,820
Heva	100	60,368	350	-	-	60,718
Jouvex	100	48,416	12,457	-	-	60,873
La Peltrie	100	95,385	18,053	-	-	113,438
Lac Esther	100	-	41,223	-	-	41,223
Laflamme	77.9	114,891	8,964	-	(15,978) <sup>1)</sup>	107,877
Lewis	100	-	13,263	-	-	13,263
MaritimeCadillac	49	290,990	30	-	-	291,020
Mistaouac	100	17,600	1,438	-	-	19,038
Noyelles	100	-	12,833	-	-	12,833
Patris	100	97,904	3,268	-	-	101,172
Samson	100	40,640	463	-	(5,521) <sup>1)</sup>	35,582
Turgeon	100	34,363	1,573	-	-	35,936
Wawagosis	100	7,307	385	-	-	7,692
<b>Grenville-Appalaches</b>						
Gatineau	100	5,146	16,877	-	-	22,023
Weedon	100	40,743	2,061	-	-	42,804
<b>James Bay</b>						
Eleonore	100	195,139	16,275	-	-	211,414
James Bay Gold	100	151,921	12,093	-	-	164,014
Elrond	100	89,067	12,779	-	-	101,846
Fangorn	100	1,303	2,567	-	-	3,870
Helms	100	44,698	451	-	-	45,149
JV Eleonore	50	139,507	39,193	-	-	178,700
Komo	100	-	59,530	-	-	59,530
Minas Tirith	100	3,002	481	-	-	3,483
Moria	100	128,520	709	-	-	129,229
Mythril	100	326,851	55,058	-	(150,690) <sup>1)</sup>	231,219
Shire	100	73,656	1,106	-	-	74,762
<b>Northern Quebec</b>						
Pallas	100	111,320	16,898	-	(6,060) <sup>1)</sup>	122,158
Soissons	100	24,963	25,461	-	-	50,424
Soissons NMEF	50	4,323	221	-	-	4,544
Willbob	100	295,801	17,110	-	-	312,911
<b>Project generation</b>	100	49,848	4,657	-	-	54,505
		<b>2,561,212</b>	<b>453,298</b>	<b>(55,840)</b>	<b>(179,032)</b>	<b>2,779,638</b>

1) Some claims were dropped and the Corporation impaired partially the property.

2) The Company wrote off some projects included in this property since no exploration program is planned for the near future and/or dropped all the claims.

# Midland Exploration Inc.

## Notes to Financial Statements

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

### 7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Acquisition costs	Undivided interest	As at Sept. 30, 2018	Net Additions	Impairment	As at Sept. 30, 2019
	%	\$	\$	\$	\$
<b>Abitibi</b>					
Maritime-Cadillac	49	290,923	67	-	290,990
Laflamme	76.3	130,098	28,334	(43,541) <sup>1)</sup>	114,891
Patris	100	104,054	7,408	(13,558) <sup>1)</sup>	97,904
Casault	50	29,984	6,724	-	36,708
Jouvex	50	47,694	4,424	(3,702) <sup>1)</sup>	48,416
Heva	100	57,989	2,379	-	60,368
Valmond	100	15,717	1,818	(17,535) <sup>2)</sup>	-
La Peltrie	100	97,023	18,508	(20,146) <sup>1)</sup>	95,385
Wawagosis	100	6,535	772	-	7,307
Adam	100	26,893	3,055	(3,804) <sup>1)</sup>	26,144
Samson	100	36,427	4,213	-	40,640
Mistaouac	100	24,987	3,953	(11,340) <sup>1)</sup>	17,600
Turgeon	100	29,386	4,977	-	34,363
Manthet	100	7,776	-	(7,776) <sup>2)</sup>	-
Abitibi Gold	100	5,840	(1,152)	-	4,688
<b>Grenville-Appalaches</b>					
Weedon	100	39,412	9,059	(7,728) <sup>1)</sup>	40,743
Gatineau	100	34,585	2,057	(31,496) <sup>2)</sup>	5,146
<b>James Bay</b>					
James Bay Au	100	203,496	25,766	(77,341) <sup>2)</sup>	151,921
Eleonore	100	162,956	32,183	-	195,139
JV Eleonore	50	142,142	3,143	(5,778) <sup>1)</sup>	139,507
Isengard	100	26,920	630	(27,550) <sup>2)</sup>	-
Minas Tirith	100	58,536	1,460	(56,994) <sup>1)</sup>	3,002
Shire	100	262,619	15,054	(204,017) <sup>1)</sup>	73,656
Elrond	100	70,347	18,720	-	89,067
Gondor	100	15,500	98	(15,598) <sup>2)</sup>	-
Moria	100	109,248	19,272	-	128,520
Helms	100	33,625	11,073	-	44,698
Mythril	100	9,057	317,794	-	326,851
Fangorn	100	1,188	115	-	1,303
<b>Northern Quebec</b>					
Pallas	100	126,551	34,642	(49,873) <sup>1)</sup>	111,320
Willbob	100	288,969	131,833	(125,001) <sup>1)</sup>	295,801
Soissons	100	23,706	1,257	-	24,963
Soissons NMEF	50	4,100	223	-	4,323
<b>Project Generation</b>	100	13,464	46,996	(10,612) <sup>2)</sup>	49,848
		<b>2,537,747</b>	<b>756,855</b>	<b>(733,390)</b>	<b>2,561,212</b>

1) The Corporation impaired partially the property for the claims that were dropped.

2) The Corporation wrote off this property (or some projects included in this property) since no exploration program is planned for the near future and/or dropped all the claims.

# Midland Exploration Inc.

## Notes to Financial Statements

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

### 7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

The following two tables disclose details of exploration and evaluation expenses:

E&E expenses	Undivided interest	As at	Additions	Option	Tax credits	Impairment	As at
		Sept. 30, 2019		Payments			June 30, 2020
	%	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>							
Abitibi Or	100	94,685	18,714	-	-	(13,672) <sup>1)</sup>	99,727
Adam	100	273,436	5,158	-	(1,485)	-	277,109
Casault	100	2,188,205	125,802	(58,488)	(6,965)	-	2,248,554
Gaudet	100	-	85,719	-	-	-	85,719
Heva	100	276,312	710	-	-	-	277,022
Jouvex	100	623,657	56,194	-	(1,460)	-	678,391
La Peltrie	100	1,098,627	6,925	-	(77)	-	1,105,475
Lac Esther	100	-	3,302	-	-	-	3,302
Laflamme	77.9	2,808,975	306,793	-	(5,813)	-	3,109,955
Lewis	100	-	58,034	-	-	-	58,034
Maritime-Cadillac	49	404,866	5,289	-	-	-	410,155
Mistaouac	100	229,698	24,167	-	-	-	253,865
Patris	100	236,236	4,079	-	(242)	-	240,073
Samson	100	172,346	146,296	-	(36,233)	-	282,409
Turgeon	100	199,191	2,858	-	-	-	202,049
Wawagosic	100	32,949	-	-	-	-	32,949
<b>Grenville-Appalaches</b>							
Gatineau	100	16,070	44,572	-	(7)	-	60,635
Weedon	100	703,918	60,033	-	(8,058)	-	755,893
<b>James Bay</b>							
Eleonore	100	1,774,421	6,184	-	(1,792)	-	1,778,813
James Bay Gold	100	441,537	31,346	-	(3,252)	-	469,631
Elrond	100	69,052	15,468	-	(3,867)	-	80,653
Fangorn	100	11,685	4,265	-	-	-	15,950
Helms	100	56,797	14,042	-	(5,813)	-	65,026
JV Eleonore	50	616,676	1,128	-	-	-	617,804
Komo	100	-	30,603	-	-	-	30,603
Minas Tirith	100	37,631	4,264	-	-	-	41,895
Moria	100	129,564	4,266	-	-	-	133,830
Mythril	100	4,387,395	789,879	-	(158,067)	-	5,019,207
Shire	100	239,620	4,265	-	-	-	243,885
<b>Northern Quebec</b>							
Pallas	100	542,124	-	-	-	-	542,124
Soissons	100	53,994	49,021	-	(2,945)	-	100,070
Soissons NMEF	50	47,710	4,683	-	-	-	52,393
Willbob	100	3,104,919	108,926	-	(23,840)	-	3,190,005
<b>Project generation</b>	100	38,270	35,061	-	(4,456)	-	68,875
		<b>20,910,566</b>	<b>2,058,046</b>	<b>(58,488)</b>	<b>(264,372)</b>	<b>(13,672)</b>	<b>22,632,080</b>

1) The Company wrote off some projects included in this property since no exploration program is planned for the near future and/or dropped all the claims.

# Midland Exploration Inc.

## Notes to Financial Statements

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

### 7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

E&E expenses	Undivided interest %	As at Sept. 30, 2018 \$	Net Additions \$	Tax credits \$	Impairment <sup>1)</sup> \$	As at Sept. 30, 2019 \$
<b>Abitibi</b>						
Maritime-Cadillac	49	389,110	15,756	-	-	404,866
Laflamme	76.3	2,427,838	401,776	(20,639)	-	2,808,975
Patris	100	234,056	4,225	(2,045)	-	236,236
Casault	50	1,880,234	496,455	(188,484)	-	2,188,205
Jouvex	50	412,962	211,041	(346)	-	623,657
Heva	100	271,810	4,502	-	-	276,312
Valmond	100	124,314	1,257	-	(125,571)	-
Samson	100	168,110	6,234	(1,998)	-	172,346
La Peltrie	100	1,078,923	21,278	(1,574)	-	1,098,627
Wawagasic	100	32,949	-	-	-	32,949
Adam	100	266,663	7,694	(921)	-	273,436
Mistaouac	100	224,502	5,886	(690)	-	229,698
Turgeon	100	196,665	4,060	(1,534)	-	199,191
Manthet	100	8,409	-	-	(8,409)	-
Abitibi Gold	100	84,739	11,306	(1,360)	-	94,685
<b>Grenville-Appalaches</b>						
Weedon	100	647,297	56,621	-	-	703,918
Gatineau	100	71,515	9,757	(71)	(65,131)	16,070
<b>James Bay</b>						
James Bay Au	100	517,666	112,978	(3,650)	(185,457)	441,537
Eleonore	100	1,770,210	5,595	(1,384)	-	1,774,421
JV Eleonore	50	583,215	33,461	-	-	616,676
Isengard	100	36,918	-	-	(36,918)	-
Minas Tirith	100	33,711	3,920	-	-	37,631
Shire	100	226,595	17,789	(4,764)	-	239,620
Elrond	100	31,406	59,832	(22,186)	-	69,052
Gondor	100	31,424	-	-	(31,424)	-
Moria	100	123,544	7,554	(1,534)	-	129,564
Helms	100	18,919	58,989	(21,111)	-	56,797
Mythril	100	28,215	5,339,168	(979,988)	-	4,387,395
Fangorn	100	6,657	5,028	-	-	11,685
<b>Northern Quebec</b>						
Pallas	100	540,024	2,100	-	-	542,124
Willbob	100	2,624,225	732,717	(252,023)	-	3,104,919
Soissons	100	47,282	11,581	(4,869)	-	53,994
Soissons NMEF	50	4,259	57,871	(14,420)	-	47,710
<b>Project Generation</b>	100	84,116	43,851	(14,916)	(74,781)	38,270
		<b>15,228,482</b>	<b>7,750,282</b>	<b>(1,540,507)</b>	<b>(527,691)</b>	<b>20,910,566</b>

1) The Corporation wrote off this property (or some projects included in this property), since no exploration program is planned for the near future and/or dropped all the claims.

# Midland Exploration Inc.

## Notes to Financial Statements

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

### 7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

#### 7.1 Casault

On June 16, 2020, the Corporation signed an option agreement with Wallbridge Mining Company Limited ("Wallbridge") whereby Wallbridge may earn a 50% interest in the Casault property in consideration of the following:

	Cash payments		Exploration work	
	Commitment	Completed	Commitment	Completed
	\$	\$	\$	\$
Upon signature	100,000	100,000	-	-
On or before June 30, 2021	110,000	-	750,000	-
On or before June 30, 2022	110,000	-	1,000,000	-
On or before June 30, 2023	130,000	-	1,250,000	-
On or before June 30, 2024	150,000	-	2,000,000	-
<b>Total</b>	<b>600,000</b>	<b>100,000</b>	<b>5,000,000</b>	-

Wallbridge is the operator.

After exercising this first option to earn a 50% interest, Wallbridge may increase its interest to 65% (the second option) over a period of 2 years in consideration of exploration expenditures or cash payment totalling \$6,000,000.

#### 7.2 Gatineau JV, Casault and Jouvex

On February 20, 2020, the Corporation signed a strategic alliance with SOQUEM, in which SOQUEM transferred to the Corporation its 50% interest in the Casault and Jouvex properties in exchange for:

- A 1% net smelter return ("NSR") royalty; Midland may, at any time, buy back the royalty, in all or in part, by making a cash payment of \$1,000,000 per tranche of 0.5% NSR; and
- 50% undivided interest in a joint venture relating to seven existing mining properties forming the Gatineau project.

The projects acquired under the target generation program will be declared designated projects once the mining rights have been acquired. Each designated project will be the object of a distinct joint venture agreement, the terms of which will be similar to the joint venture agreements to be signed relating to the active properties. The parties are not subject to budgetary obligations under the target generation program. The target generation program will last for a period of 2 years, unless it is extended by mutual written consent of both parties. SOQUEM will be project manager under the target generation program and for all joint ventures formed on designated projects; the Corporation may assign up to 30% of personnel.

#### 7.3 Gaudet et Guyberry

On March 18, 2020, the Corporation signed an agreement with Ingrid Martin CPA inc. ("IMCPA") (a company controlled by Ingrid Martin, officer of the Corporation) whereby it acquired a bloc of claims contiguous to the Gaudet property for \$5,000 and the Guyberry property for \$3,000, for a total amount of \$8,000. IMCPA acquired these claims from a third party for that same amount of \$8,000. The Gaudet claims are subject to a 1% NSR royalty relating to a prior third party agreement.

# Midland Exploration Inc.

## Notes to Financial Statements

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

### 7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

#### 7.4 Lac Esther

On May 11, 2020, the Corporation signed an agreement with Exiro Minerals Corp. whereby it acquired a bloc of claims contiguous to the Lac Esther property for a \$10,000 cash payment, \$35,000 work commitment to be completed before June 2021 and a 2% NSR royalty of which 1% can be bought back for a cash payment of \$1,000,000.

On May 14, 2020, the Corporation signed an agreement with Goldseek Resources Inc. ("Goldseek") whereby it swapped a bloc of claims of the Adam property with a bloc of claims contiguous to the Lac Esther property. The Corporation received a 2% NSR royalty on Adam bloc of claims and this royalty can be bought back by Goldseek for a cash payment of \$1,000,000 to the Corporation. On the other hand, the Corporation assumes a 2% NSR royalty on the Lac Esther bloc of claims relating to a prior agreement and half of this royalty can be bought back by the Corporation for a cash payment of \$1,000,000. A \$14,328 value was estimated for the blocs of claims exchanged, based on the historical cost incurred on the Adam property.

### 8. LEASE LIABILITIES

	As at June 30 2020	As at September 30 2019
	\$	\$
Opening balance	-	-
Adjustment – IFRS 16 (note 3)	159,422	-
Principal repayment	(25,044)	-
Accretion	7,830	-
Lease liabilities	142,208	-
Less : current lease liabilities	(33,058)	-
Non-current lease liabilities	<b>109,150</b>	-

### 9. EQUITY

#### 9.1 Private placements

On December 4 and 13, 2019, the Corporation completed private placement of 1,402,030 flow-through shares at \$1.10 per share for total gross proceeds of \$1,542,233. On those dates, the Corporation's share closed at \$0.79 and \$0.77 on the Exchange respectively, therefore the residual values attributed to the benefit related to flow-through shares renunciation are \$0.31 and \$0.33 for a total value of \$435,903, credited to the liability related to the premium on flow-through shares.

In connection with the private placements, the Corporation incurred \$111,340 share issue expensed of which \$63,457 was paid as finder's fees. Directors and officers of the Corporation participated in the flow-through private placement for a total consideration of \$174,900 under the same terms as other investors.

On December 13, 2019, the Corporation completed a private placement of 73,791 shares at a price of \$0.85 per shares for total gross proceeds of \$62,722. BHP Billiton Canada Inc. ("BHP") has exercised its right to maintain its ownership to 5.0% by acquiring 73,791 shares. This right had been granted to BHP on April 18, 2019 pursuant to an Investor Rights Agreement with the Corporation.

# Midland Exploration Inc.

## Notes to Financial Statements

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

### 9. EQUITY (CONT'D)

#### 9.2 Warrants

Changes in the Corporation's number of outstanding warrants were as follow:

	Nine months ended June 30, 2020		Fiscal 2019	
	Number	Amount	Number	Amount
		\$		\$
<b>Balance – Beginning of period</b>	4,110,667	749,556	-	-
Issued following private placement	-	-	4,110,667	749,556
<b>Balance – End of period</b>	<b>4,110,667</b>	<b>749,556</b>	<b>4,110,667</b>	<b>749,556</b>

Warrants outstanding as at June 30, 2020 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
3,444,000	2.05	October 17, 2020
111,112	1.25	December 21, 2020
555,555	1.25	January 18, 2021
<b>4,110,667</b>		

### 10. SHARE-BASED COMPENSATION

On February 13, 2020, the Corporation granted to its directors, officers, employees and consultants 620,000 options exercisable at \$0.72, valid for 10 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$210,800 for an estimated fair value of \$0.34 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 48.0% expected volatility, 1.39% risk-free interest rate and 6 years options expected life. This expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

A summary of changes in the Corporation's common share purchase options is presented below:

	Nine months ended June 30, 2020		Fiscal 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
<b>Balance – Beginning of period</b>	4,320,000	1.07	3,760,000	1.07
Granted	620,000	0.72	580,000	1.03
Exercised	-	-	(20,000)	0.60
<b>Balance – End of period</b>	<b>4,940,000</b>	<b>1.02</b>	<b>4,320,000</b>	<b>1.07</b>
Balance – End of period exercisable	4,326,669	1.06	3,933,334	1.07

# Midland Exploration Inc.

## Notes to Financial Statements

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

### 10. SHARE-BASED COMPENSATION (CONT'D)

The following table summarizes information about common share purchase options outstanding as at June 30, 2020:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
260,000	260,000	1.76	February 17, 2021
315,000	315,000	1.54	February 16, 2022
20,000	20,000	1.61	February 27, 2022
345,000	345,000	1.25	February 19, 2023
605,000	605,000	0.85	February 20, 2024
430,000	430,000	0.60	August 13, 2025
500,000	500,000	1.10	August 11, 2026
50,000	50,000	1.13	November 23, 2026
545,000	545,000	1.14	February 21, 2027
100,000	100,000	1.04	May 10, 2027
570,000	570,000	0.89	February 15, 2028
580,000	483,334	1.03	February 18, 2029
620,000	103,335	0.72	February 13, 2030
<b>4,940,000</b>	<b>4,326,669</b>		

### 11. SUBSEQUENT EVENTS

#### 11.1 La Peltrie

On July 9, 2020, the Corporation signed an option agreement with Probe Metals Inc. ("Probe") whereby Probe may earn a 50% interest in the La Peltrie property in consideration of the following:

	Cash payments		Exploration work	
	Commitment	Completed	Commitment	Completed
	\$	\$	\$	\$
Upon signature	50,000	50,000 <sup>1)</sup>	-	-
On or before July 31, 2021	55,000	-	500,000	-
On or before July 31, 2022	70,000	-	700,000	-
On or before July 31, 2023	100,000	-	1,200,000	-
On or before July 31, 2024	125,000	-	1,100,000	-
<b>Total</b>	<b>400,000</b>	<b>50,000</b>	<b>3,500,000</b>	<b>-</b>

1) In July 2020, the Corporation received 37,879 shares of Probe based on a 5 days VWAP calculation to total \$50,000.

Probe is the operator.

After exercising this first option to earn a 50% interest, Probe may increase its interest to 65% (the second option) over a period of 2 years in consideration of exploration expenditures or cash payment totalling \$5,000,000.



# **Midland Exploration Inc.**

## **Notes to Financial Statements**

Three and nine months ended June 30, 2020

(Unaudited, in Canadian dollars)

---

### **11. SUBSEQUENT EVENTS (CONT'D)**

#### **11.2 Gaudet Fenelon**

On July 29, 2020, the Corporation signed a joint venture agreement with Probe over the Gaudet and Samson North West properties from the Corporation as well as the Fenelon-Nantel property of Probe. Probe is the operator.